

**TODILTO****EXPLORATION AND DEVELOPMENT CORPORATION**

G. WARNOCK  
PRESIDENT

July 31, 1991

Mr. Carl Freytag  
Department of Energy  
P.O. Box 2567  
Grand Junction, CO 81502

RE: DOE Lease Tract AT(05-1) OML-60.8-NM-B-1

Dear Carl:

Since receiving your proposal for contract work on the above lease and our discussions on just how much material on the old ore pads might have to be moved, we have done detailed gamma radiation surveys on the indicated areas of concern. We are attaching copies of these for your information. We have also, in the interim, received official notice from the EPA on section 19 and we are also attaching copies of this notification and our reply as it is all one subject and as you will see from our reply, our surveys clearly indicate there is no continuing risk from the properties to anyone.

This position of Todilto will, of course, be a question of dispute between us and the EPA and, we assume, between DOE and Todilto. This is indeed unfortunate, but we feel that Todilto has a very valuable asset in the Haystack lease. It is part of our asset package that happens to be currently under discussion with our Bank. To allow the lease to be physically destroyed due only to Brown Vandervier wanting a new house at someone else's expense and the obvious over reaction of a government entity (EPA) gone amuck is just ridiculous and constitutes a "taking" without compensation for no valid reason. As indicated, we will fight that taking to the best of our ability.

Technically, you will note that the vent hole and inclined raise areas surveys indicate that there is no gamma radiation above background detected anywhere in these immediate areas. In the case of the vent holes, our two hour interval measurements clearly show that while the measurements with the instrument resting on the expanded metal grates does increase with surface temperature (the normal "chimney effect" of the cooler underground air rising to the warmer surface air) it did not get above 120uR/Hr... Far more importantly, the 1 meter readings never got above 15uR/Hr. verses the 200uR/Hr. reported by the EPA. At the raise, the maximum gamma exhaust during the heat of the day was only 18uR/Hr. measured in the exhaust flow. verses the EPA report of 130uR/Hr.

The EPA station # 30 report of 80uR/Hr. near the raise is caused by minor limestone road ballast, but using a 10 foot by 15 foot special grid over this area we were only able to find a maximum of 40uR/Hr. at the 1 meter height and 60uR/Hr. at ground

While we would agree that the exhausting gamma from both areas may get slightly higher on the hottest of days, we have proven beyond all doubt that measured at the 1 meter level neither exhaust is above background. Please see the EPA letter of May 10, 1991 from Mr. Robert Bornstein to Mr. Mike Tucker, 3rd paragraph, wherein they acknowledge (infer ?) that the 1 meter (waist high) measurement is the correct way to do it. We only took ground measurements for comparison.

We do not have an instrument that will measure low alpha particles so were unable to measure radon exhaust from the mine. However, as you and I discussed, whatever is coming out is immediately dispersed with the gamma. I will bet my life that the EPA cannot get "risk" radon measurements from the exhaust. Please remember that in mining this deposit underground we were required to and did take daily radon samples. Because the limestone is a relative dense rock (as compared to the more normal Ambrosia Lake sandstone type mineralization) we never had a radon problem underground as did some of the mines. None of our miners ever even approached the one working level per month limit while spending 7 to 8 eight hours, 300 days per year for over 5 years underground!

The above is the basis for our position that the specific mine discharges (excluding the question of the ore pads) are not creating a risk to the health of the occupants of section 18 and there is zero justification to force us to close the openings. The cost of closure will be in the \$60,000 to 70,000 range (if the ore pad material must be put back in the mine) and \$20,000 to 25,000 if the pads are covered (see discussion on contract below) while if the EPA does it, it will be 3 to 4 times those amounts. To reopen the mine in the future, ie undo the closure, will cost in the realm of 5 times the closure amounts. If uranium prices come back extremely high, they would no doubt support reopening the mine after closure. But what if prices only recover modestly? We would then be in a position of not being able to reopen it solely due to the cost of undoing the contemplated closure. To close it is indeed a taking of a valuable asset without compensation!

Concerning the ore pads and mine dump (contrary to the EPA, there are no "tailings" within 15 miles) we are also enclosing our grid survey on these two areas. The dump is easy as there are no readings over 165uR/Hr. at 1 meter.

On the ore pad survey we have contoured the plus 165uR/Hr. areas. These calculate by planimeter and using 1 foot thickness, to 27,225 cubic feet or 1,815 tons using 15 cubic feet to the ton. In cubic yards, this is 1,008.3. To dig up the complete contoured area and put it in the mine (for ventilation purpose we would have to start about 1000 feet in the portal) will cost approximately \$30.00 per ton or \$54,445. for the ore pads only. If it must be done, a far cheaper method would be to simply cover it with clean material (there is ample from our refilling of the open pit and

close by soil banks) using a large surface front end loader that would cost in the range of \$20.00 per cubic yard or \$20,000.

There are two major considerations as to whether this 165uR/Hr. contour truly reflects what would have to be done. These are:

- 1) is the 165uR/Hr. level a health risk?
- 2) If it is, does our 50 foot grid mean that all material inside the contour is plus 165uR/Hr. and must be removed or covered?

Reference number 1 please see our response to the EPA. In summary, does the extremely low time/use pattern on the property justify the cost? We say no!

Number 2 is more complicated and really the crux of our problem with the EPA. There is no doubt that one, particularly if they are familiar with the visual aspects of the higher grade ore as I am, can find high grade rocks and fragments anywhere the ore was worked or stockpiled, including the mine dump. If one seeks these out and puts the instrument directly on them they will definitely get an elevated reading. How high depends on the grade of uranium in the fragment and its size. High grade in the 4 to 6 inch size is giving 50 to 150 uR/Hr. while the boulder marked on the ore pads survey map reads 800uR/Hr.. For your information and comparison, this boulder reads 0.5 % U308 on a direct reading counter.

As noted on the map, this is one boulder of ore that was accidentally pushed up on the bank while loading out from the pad. Please also note that the nearest survey station exactly three feet away reads 120 uR/Hr. on both the ground and at 1 meter. This particular boulder is easily remedied by simply picking it up and burying it with other high areas. This boulder may be the EPA station # 20 reading at 650uR/Hr. although the EPA maps are so horrendously bad that we can't be sure.

The point of all this is that you may not have to cover all of the 27,000 square feet of the contoured area because if someone is guiding the burial with an instrument, there may be considerable areas within the contour that will not require burial - whatever the final exposure limit that is a health risk is decided on. Considering bucket sizes of loaders, the 2 yard underground machines are 5 feet wide and carry a nominal 1.5 yards or 2.5 tons, while large surface loaders are 8 feet wide and carry 5 to 6 yards or 9 to 10 tons. Using a surface loader to bury, perhaps a 10 foot grid might show a number of areas inside the contour that need not be buried. Probably the most practical solution is just to follow readings at the time of burial and be guided thereby.

Concerning Todilto doing the remedial work, we are taking the legal position that a permanent closure of the mine access openings ~~will be a taking of Todilto asset and thus would not want to be a~~

party to the actual closing due to future legal ramifications. If you so desire, we will contract to cover whatever area on the surface that the DOE chooses and bid \$20,000 flat rate plus \$18.00 per cubic yard for all yards moved over 1000 cubic yards.

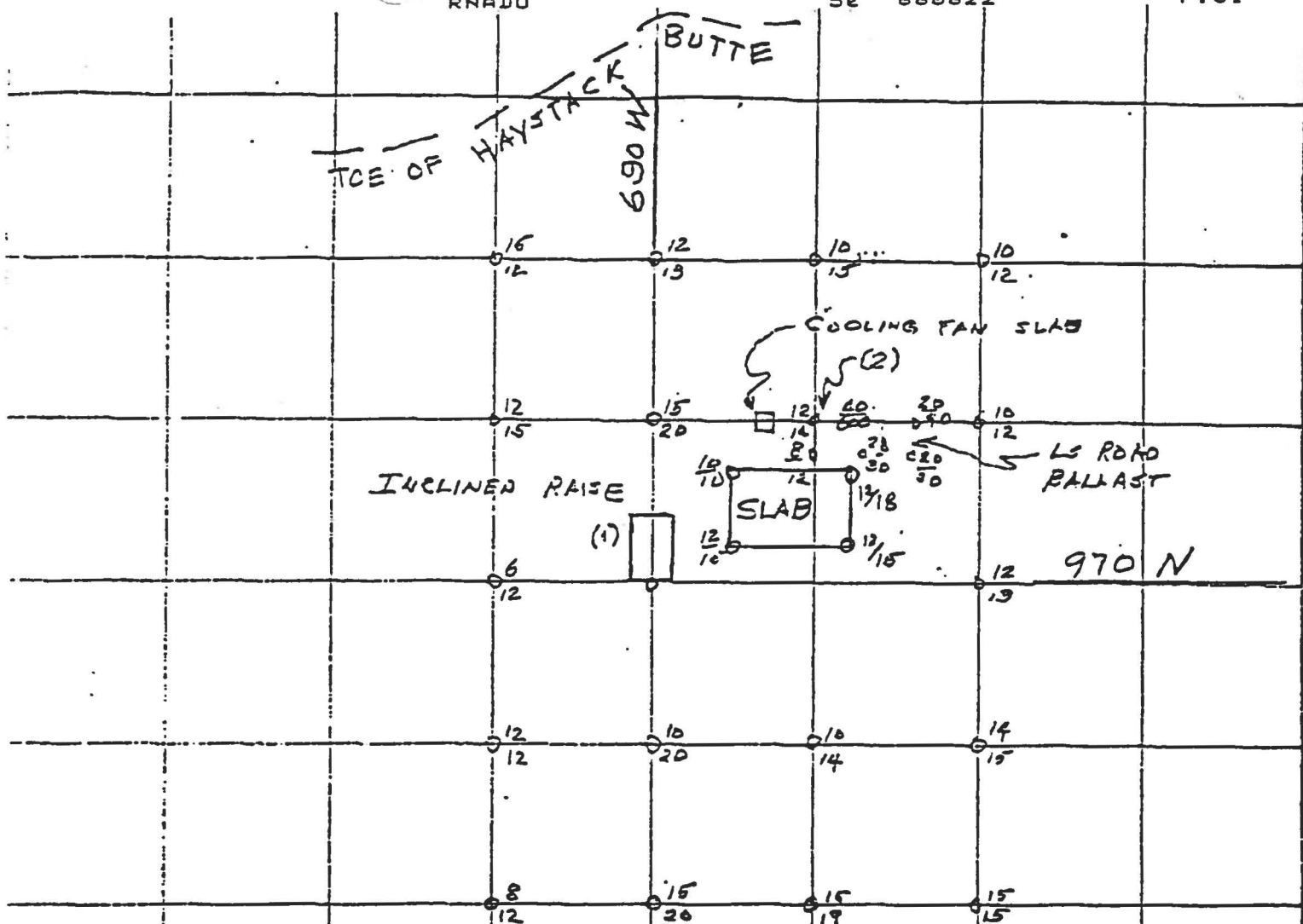
Carl, in closing this difficult and complicated subject, I want to say that we fully realize that the EPA is trying to force this on the DOE. I hope you and Mr. Ivey can appreciate that Todilto feels it has acted in good faith during the entire tenure of this lease, including refilling the complete open pit to your specs and maintaining the lease over the past 10 years at a significant expense, not to speak of furnishing you with complete engineering and other data that I'll wager you did not get out of all your lessors. I'm sorry but we just cannot allow this wanton taking of our property without compensation even from a government agency that is clearly running amuck re. the attached articles.

Sincerely



GW/gbr  
c/ Senator Pete Dominici  
Senator Jeff Bingaman  
Representative Steve Shiff

DOEHAY4.LTR



TIMED READINGS AT TWO HOUR INTERVALS OF AIR EXHAUSTING  
INCLINED RAISE - INST. HELD AT  $\frac{1}{2}$  OF ROUND EXHAUST HOLE

DATE	TIME	UR/HR	EST. TEMP.	CONDITIONS
7-26-91	1:12 PM	13	85°-90°	CLEAR-HOT
7-27-91	10:12 AM	14	70°	BRIGHT
"	12:04	10	75°	"
"	2:18 PM	12	80°	CLOUDY
"	4:03	13	85°	"
"	6:02	10	80°	"
7-28-91	9:20 AM	12	70°	"
"	11:25	14	"	"
"	1:20 PM	17	"	"

(1) EPA STA. # 29 - 130 UR/HR.

(2) EPA STA. # 30 - 80 UR/HR.

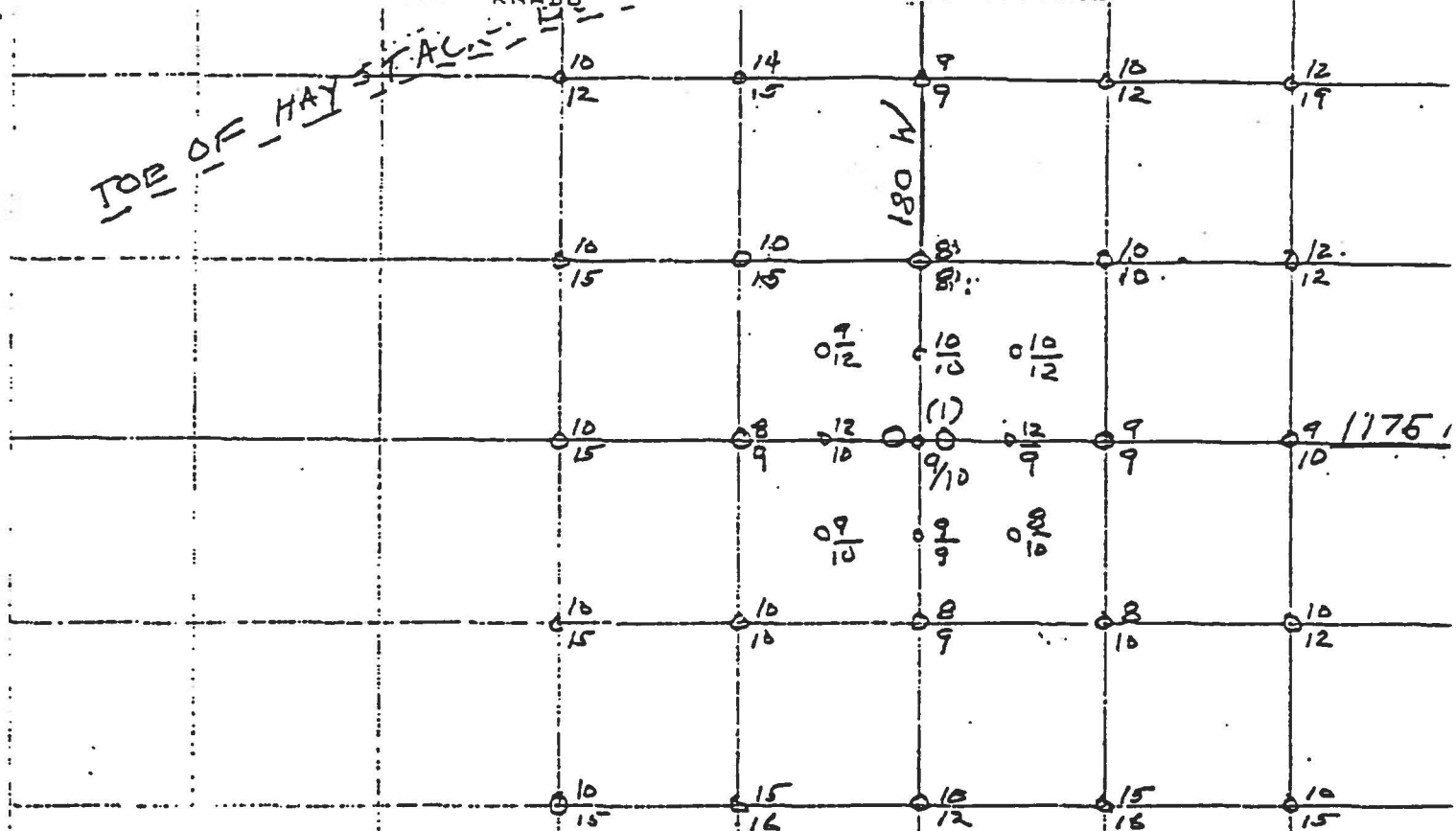
LINE HAYSTACK LOCATION INCLINED RAISE LEVEL SURFACE

COLOGY BY LD SURVEY MICRO R/HR SCALE 1" = 50' DATE 7-26-91

12 INST. 1 METER ABOVE GROUND

TODD TO EXPLORATION & DEVELOPMENT INC

TOP OF HAYSTACK



TIMED READINGS AT TWO HOUR INTERVALS OF AIR EXHAUSTING VENT HOLES -

DATE	TIME	VENT	UR/HR	EST TEMP	CONDITION
			1 METER GROUND		
7-26-91	11:00 PM	WEST	20 120	25-30°	CLEAR-HOT
"	1:02 PM	EAST	15 110	" "	" "
7-27-91	10:06 AM	W	8 16	70°	BRIGHT
"	10:07	E	6 14	"	"
"	12:07	W	6 45	75°	"
"	12:08	E	6 36	"	"
"	2:22 PM	W	10 50	80°	CLOUDY
"	2:23	E	12 35	"	"
"	4:12	W	10 110	85°	BRIGHT
"	4:14	E	12 100	"	"
"	5:56	W	10 100	80°	"
"	5:57	E	10 25	"	"
7-28-91	9:12 AM	W	6 36	70°	CLEAR
"	9:13 AM	E	10 10	"	"
"	11:20	W	10 10	70°	CLOUDY
"	11:23	E	10 10	"	"
"	1:20 PM	W	5 8	"	"
"	1:22	E	5 10	"	"

(1) EPA JTA, #31 - 200 UR/HR. - NOT REPRODUCABLE

MINE HAYSTACK LOCATION SURFACE VENT HOLE LEVEL SURFACE  
 GEOLOGY BY (6) SURVEY MICR R/HR SCALE 1" = 50' DATE 7-26-91



**TODILTO EXPLORATION & DEVELOPMENT INC.**

BY GEOLOGY

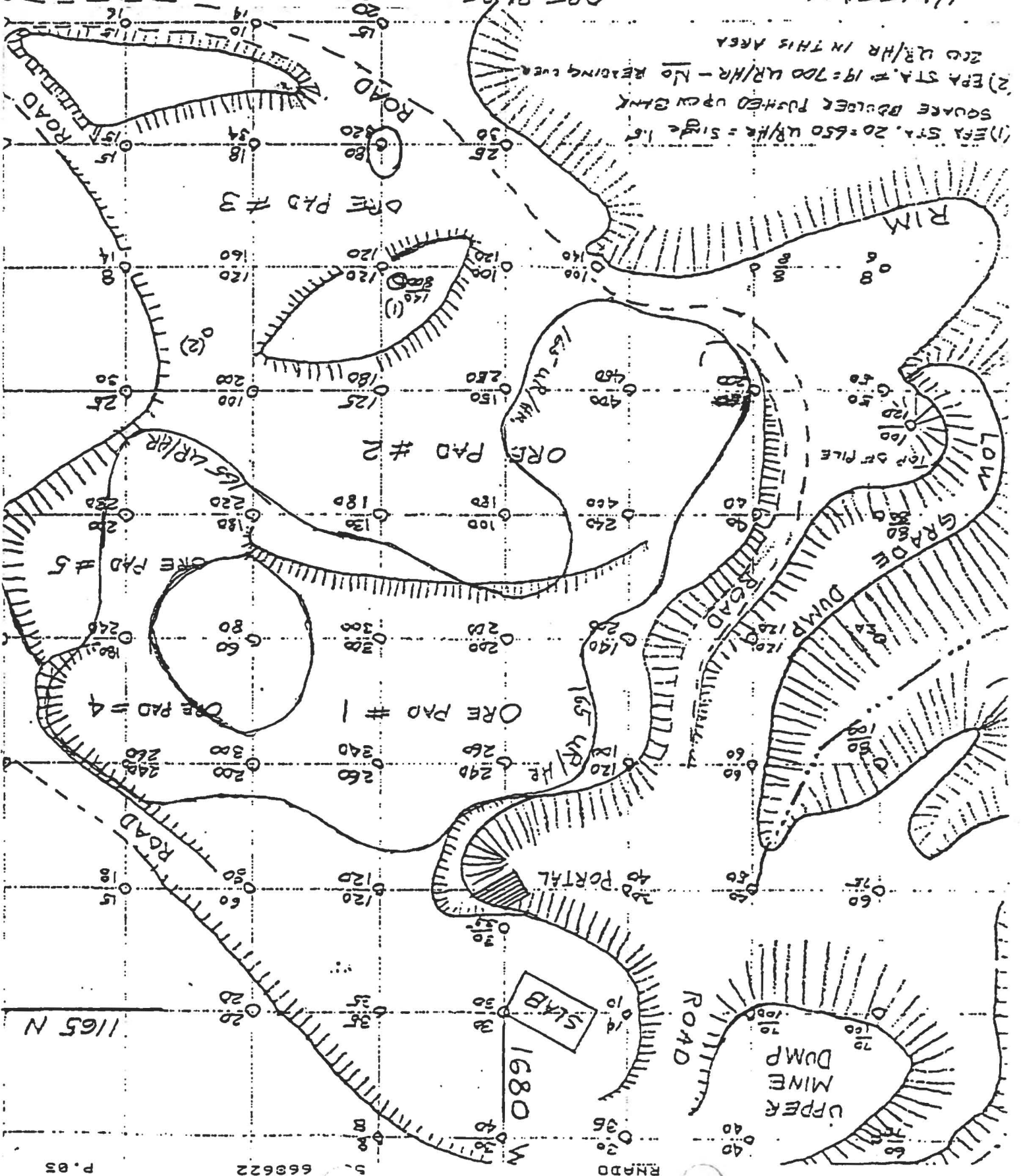
SURVEY MICROREMS/HR SCALE 1"=50' DATE 7-26-91

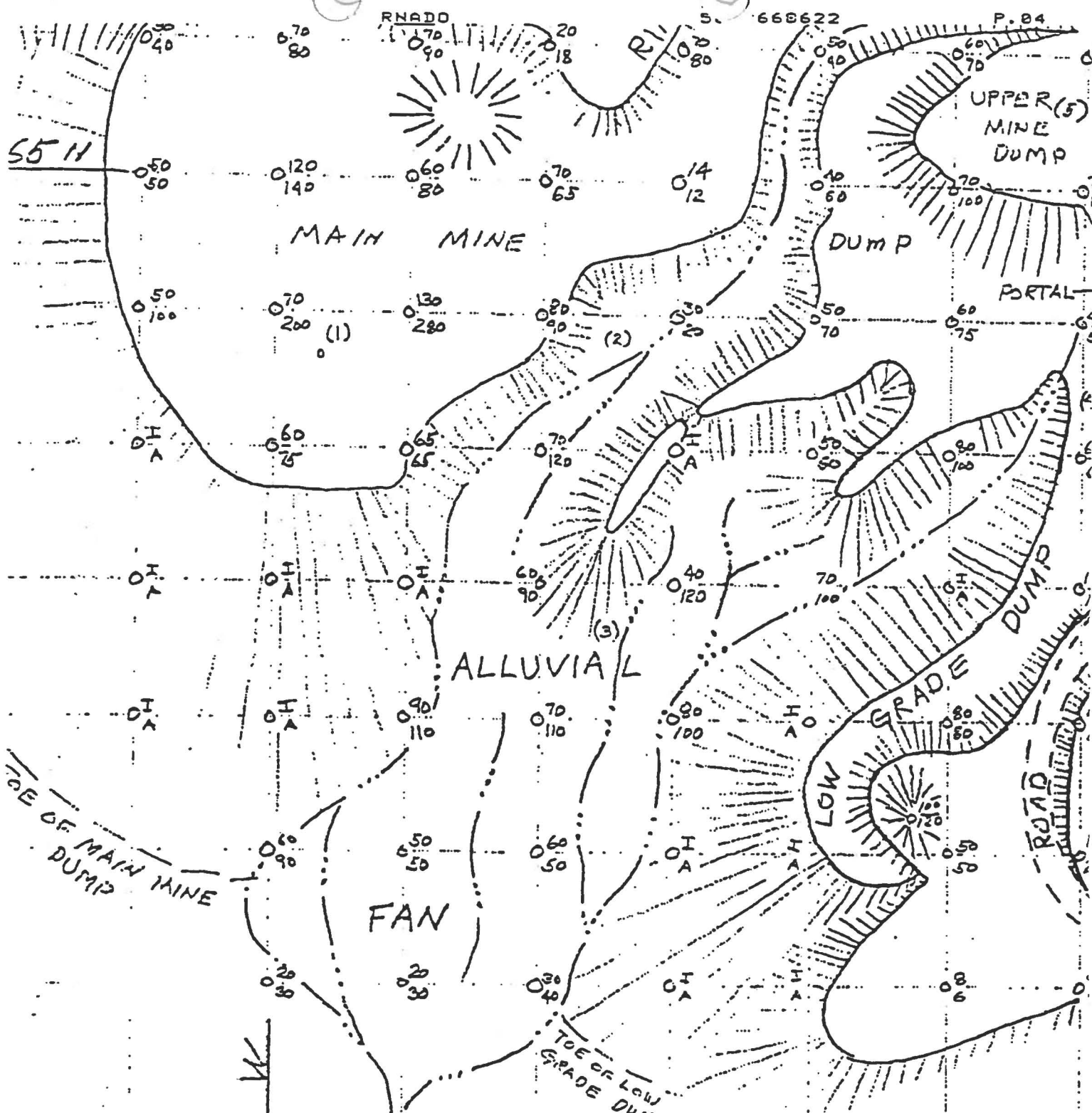
9541577 MINE

LOCATION OF 08E 0405

73A37

(1) EPA STA. 20 = 650 U<sub>R</sub>/HR = 5 SQUARE FEET  
(2) EPA STA. 19 = 700 U<sub>R</sub>/HR = 200 U<sub>R</sub>/HR IN THIS AREA





M 0802

- (1) EPA STA. # 27-250 UR/HR
- (2) EPA STA. # 25-500 UR/HR - NO READINGS OVER 200 UR/HR IN THIS AREA
- (3) EPA STA. # 24-220 UR/HR
- (4) EPA STA. # 22-230 UR/HR - NO READINGS OVER 200 UR/HR IN THIS AREA
- (5) EPA STA. # -100 UR/HR

LINE HAYSTACK LOCATION MINE DUMPS LEVEL SURFACE

COLOR BY (C) SURVEY MICRO RENS/HR SCALE 1" = 50' DATE 7-27-91

60 INST. 1 METER ABOVE GROUND  
 75 INST. RESTING ON GROUND  
 I IN 2 - FETTER

TODILTO EXPLORATION & DEVELOPMENT INC.